RECORD AND BRIEFS

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IN THE

Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC,

Petitioner,

v.

GREEN'S ENERGY GROUP, LLC, ET AL.,

Respondents.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

BRIEF OF GENERAL ELECTRIC COMPANY AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENTS

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BRIEF OF GENERAL ELECTRIC COMPANY AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENTS

INTEREST OF THE *AMICUS CURIAE*[1]

General Electric Company (GE) is an experienced and successful innovator in the United States. Founded when the Edison General Electric Company merged with other electric companies in 1892, GE is the only original component of the Dow Jones Industrial Average still included in that index today. Each year, GE spends billions of dollars on research and development. It employs thousands of individuals to develop, produce, and market its innovative products worldwide. To protect its innovations, GE holds thousands of U.S. patents and files thousands of additional patent applications each year.

GE participates in patent litigation in a wide variety of roles: as a plaintiff and as a defendant; as a patent holder and as an accused infringer; and as a practicing entity and as a non-practicing entity. As a result, GE has a strong interest in the correct interpretation of the patent laws, and in ensuring that those laws strike a proper balance between promoting innovation and protecting competition.

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[1] The parties have given blanket consent to the filing of *amicus curiae* briefs in support of either party. No counsel for a party wrote this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than the *amicus curiae*, its members, or its counsel made a monetary contribution intended to fund its preparation or submission.

This case presents the question whether *inter partes* review, a post-grant review procedure conducted by the Patent Office, impermissibly intrudes on the judicial power vested in Article III courts. GE has participated in *inter partes* review proceedings as both a challenger and a patent holder, and it believes that *inter partes* review fulfills Congress's goals of improving patent quality while reducing costly litigation in district courts. GE also believes that this Court need not decide whether patent rights are public or private. Whatever the answer to that question, *inter partes* review does not run afoul of Article III because it constitutes an exercise of the executive power, not the judicial power. GE therefore files this brief to offer its views, as a successful innovator and experienced patent litigant, concerning the constitutionality of *inter partes* review, an important mechanism for ensuring a reliable patent system.

SUMMARY OF ARGUMENT

I. "[T]his Court has rejected any attempt to make determinative for Article III purposes the distinction between public rights and private rights." *Commodity Futures Trading Comm'n* v. *Schor*, 478 U.S. 833, 853 (1986). And there is a way to resolve this case without determining whether patents are public or private rights. *Inter partes* review is an exercise of the executive power—not the judicial power—and thus does not violate Article III of the Constitution, regardless of whether a patent is a public or private right.

Inter partes review is the latest iteration of the Patent Office's longstanding authority to conduct adjudicatory proceedings, both when issuing patents and when correcting errors in its initial examination.

Like the *inter partes* reexamination procedure that it replaced, *inter partes* review affords the Patent Office the opportunity to take a "second look at an earlier administrative grant of a patent"—specifically, to review issued patents for lack of novelty or obviousness, and cancel any patent claims that it determines to be unpatentable. *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2144 (2016).

To be sure, *inter partes* review provides third-party challengers with broad participation rights, and employs a variety of procedures that can be characterized as adjudicatory. But adjudication is undeniably conducted by both the executive *and* judicial branches. See *City of Arlington, Tex.* v. *FCC*, 569 U.S. 290, 304 n.4 (2013); *Freytag* v. *Comm'r*, 501 U.S. 868, 909-911 (1991) (Scalia, J., concurring in part and concurring in the judgment). And this Court has made clear that "inter partes review is less like a judicial proceeding and more like a specialized agency proceeding," because it has different standards, parties, and purposes than civil litigation. *Cuozzo*, 136 S. Ct. at 2143. In particular, the purpose of *inter partes* review, unlike civil litigation, is to "reexamine an earlier agency decision" and allow an agency to correct its own errors. *Id.* at 2144. *Inter partes* review is therefore the quintessential exercise of the executive power of adjudication, not the judicial power of adjudication. And, again, that conclusion does not depend on whether patent rights constitute "public rights."

Petitioner's core argument to the contrary is that, because *inter partes* review is adjudicatory in nature, and employs some procedures similar to those used in civil litigation, it *necessarily* constitutes an

exercise of the judicial power. But this Court has made clear that there is nothing inherently judicial about adjudication. Administrative agencies have adjudicated disputes, and applied law to facts, since the founding of the Nation—all while properly exercising the executive power. The fact that the same issue (patent validity) can arise in both *inter partes* review and in an infringement action does not transform *inter partes* review—in which an administrative agency simply reviews and corrects its own administrative determinations—into an exercise of the judicial power.

II. The Patent Office has an extensive history of evaluating and correcting its own errors. *Inter partes* review fits squarely into that history.

The federal patent laws have long granted executive-branch officers authority to examine patent applications, and to reexamine issued patents, using a variety of adjudicatory procedures. Since 1793, for example, the Patent Office and its predecessors have conducted interference proceedings to resolve priority disputes between rival inventors. Those proceedings employed many procedures that "resemble district court litigation," *Cuozzo*, 136 S. Ct. at 2145, including motions practice, discovery, and testimony. Since the early nineteenth century, the Patent Office has also conducted reissue proceedings, a mechanism through which a patentee can seek to correct errors in an issued patent.

Congress has also long authorized mechanisms for third parties to ask the Patent Office to reexamine issued patents—and to cancel patent claims it determines upon reexamination to be

invalid in light of prior art. Those procedures—known as *ex parte* and *inter partes* reexamination—were enacted to "provide an important 'quality check' on patents that would allow the government to remove defective and erroneously granted patents." *In re Swanson*, 540 F.3d 1368, 1375 (Fed. Cir. 2008). Reexaminations afforded third parties significant opportunities to participate in adjudicatory proceedings before the Patent Office—including the ability to brief and argue their positions before the agency. *Inter partes* review is not materially different from those earlier mechanisms by which the Patent Office evaluated its own conduct as a proper exercise of the executive power.

ARGUMENT

"For several decades, the Patent Office has . . . possessed the authority to reexamine—and perhaps cancel—a patent claim that it had previously allowed." *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2137 (2016). *Inter partes* review is simply a new iteration of the Patent Office's longstanding authority to revisit its earlier administrative determinations and correct its own mistakes. As such, it is an exercise of the executive power, not the judicial power, and does not violate Article III of the Constitution.[2]

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[2] If an administrative scheme comports with Article III, the Seventh Amendment "poses no independent bar." *Granfinanciera, S.A.* v. *Nordberg*, 492 U.S. 33, 54 (1989). This brief therefore focuses only on the Article III question.

I. *INTER PARTES* REVIEW, WHICH ALLOWS THE PATENT OFFICE TO CORRECT ITS OWN MISTAKES, IS AN EXERCISE OF THE EXECUTIVE POWER—NOT THE JUDICIAL POWER

Inter partes review is an extension of the Patent Office's longstanding authority to revisit its earlier administrative determinations, correct its own errors, and restore public confidence in the validity of patents. Consistent with that long history (see Section II *infra*), *inter partes* review constitutes an exercise of the *executive power*—not the judicial power. That conclusion is in no way undermined by the fact that it employs adjudicatory procedures. It therefore does not exceed the limits imposed by Article III, regardless of the answer to the public-vs.-private-rights debate. "[T]his Court has rejected any attempt to make determinative for Article III purposes the distinction between public rights and private rights," *Commodity Futures Trading Comm'n* v. *Schor*, 478 U.S. 833, 853 (1986), and the outcome of this case does not turn on whether a patent is a public or private right.

1. Congress enacted the Leahy-Smith America Invents Act (AIA) in 2011. Among other things, the AIA left in place the *ex parte* reexamination process, and replaced *inter partes* reexamination with *inter partes* review. As this Court has recognized, however, *inter partes* review does not represent a radical departure from prior post-grant reexamination procedures employed by the Patent Office. To the contrary, the AIA simply "modifies 'inter partes *reexamination*,' which it now calls 'inter partes *review*.'" *Cuozzo*, 136 S. Ct. at 2137 (emphasis by this Court); see *id.* at 2144 (*inter partes* review

"involves what used to be called a *reexamination*") (emphasis by this Court).

Indeed, Congress viewed *inter partes* review as "'amend[ing] ex parte and inter partes reexamination,' and as a descendant of an experiment began '[n]early 30 years ago, [when] Congress created the administrative 'reexamination' process.'" *MCM Portfolio LLC* v. *Hewlett-Packard Co.*, 812 F.3d 1284, 1291 (Fed. Cir. 2015) (quoting H.R. Rep. No. 112-98 at 45 (2011), 2011 U.S.C.C.A.N. 67, 75) (alterations in original). Thus, Congress enacted *inter partes* review, like reexaminations, to provide "a meaningful opportunity to improve patent quality," H.R. Rep. No. 112-98 at 48; "restore confidence in the presumption of validity that comes with issued patents in court," *ibid.*; and "'screen[] out bad patents while bolstering valid ones,'" *Cuozzo*, 136 S. Ct. at 2140 (quoting 157 Cong. Rec. 9778 (2011)).

As with *inter partes* reexamination, moreover, any third party can ask the Patent Office to initiate *inter partes* review of a patent claim based on lack of novelty or obviousness. 35 U.S.C. § 311(b). At the same time, the *inter partes* review statute establishes some different procedures. "Instead of requiring that a request for reexamination raise a 'substantial new question of patentability,' it now requires that a petition show 'a reasonable likelihood that' the challenger 'would prevail.'" *Cuozzo*, 136 S. Ct. at 2137. And *inter partes* review "provides a challenger with broader participation rights." *Ibid.*

As this Court has recognized, however, *inter partes* review nevertheless has the same purpose as *inter partes* reexamination: to give the Patent Office the authority "to revisit and revise earlier patent

grants." *Id.* at 2139-2140. "Although Congress changed the name from 'reexamination' to 'review,'" there is no evidence that, "in doing so, Congress wanted to change its basic purposes, namely, to reexamine an earlier agency decision." *Id.* at 2144. Accordingly, if upon that reexamination the Patent Trial and Appeal Board determines that it made a mistake in granting a patent, it can issue a decision "canceling any claim of the patent finally determined to be unpatentable." 35 U.S.C. § 318(b).

2. In *Patlex Corp.* v. *Mossinghoff*, the Federal Circuit upheld the constitutionality, under Article III, of the Patent Office's reexamination procedures. In doing so, the court held that, because "the grant of a valid patent is primarily a public concern," the PTO's reexamination of "a right that can only be conferred by the government" does not run afoul of Article III. 758 F.2d 594, 604 (Fed. Cir. 1985).

Whether or not this Court agrees with that conclusion, what the court said next is closely in line with this Court's later decision in *Cuozzo*, and confirms that reexamination of a patent is the exercise of executive power. "The reexamination statute's purpose is to correct errors made by the government, to remedy defective governmental (not private) action, and if need be to remove patents that should never have been granted" in the first place. *Patlex*, 758 F.3d at 604. Thus, the court of appeals continued, "[a] defectively examined and therefore erroneously granted patent must yield to the reasonable Congressional purpose of facilitating the correction of governmental mistakes. This Congressional purpose is presumptively correct, and

we find that it carries no insult to the Seventh Amendment and Article III." *Ibid.*

The same goes for *inter partes* review. As noted, this Court has recognized that *inter partes* review, just like reexamination, provides the Patent Office a mechanism to "reexamine an earlier agency decision" and correct its own errors. *Cuozzo*, 136 S. Ct. at 2144. *Cuozzo*'s reasoning supports the conclusion that, like other error-correction procedures employed by the Patent Office, *inter partes* review is an exercise of the executive power, not the judicial power.

Cuozzo upheld a Patent Office regulation requiring the Patent Trial and Appeal Board to apply the "broadest reasonable construction" standard to interpret patent claims in an *inter partes* review proceeding, rather than the ordinary-meaning standard used by district courts in infringement actions. See 37 C.F.R. § 42.100(b). Challenging that regulation, the petitioner in *Cuozzo* argued that, because *inter partes* review has adjudicatory characteristics, it was a "surrogate for court proceedings"—and should therefore apply the same construction of patent claims applied by courts in infringement actions. *Cuozzo*, 136 S. Ct. at 2143.

This Court rejected that argument. In doing so, it explained that, despite its adjudicatory characteristics, "inter partes review *is less like a judicial proceeding and more like a specialized agency proceeding*." *Cuozzo*, 136 S. Ct. at 2143 (emphasis added). For example, in *inter partes* review, unlike litigation, parties that initiate the proceeding need not have a "concrete stake in the outcome" or have constitutional standing. *Id.* at 2143-2144. Indeed, the challenger needn't even remain in the

proceeding; "rather, the Patent Office may continue to conduct an inter partes review even after the adverse party has settled." *Id.* at 2144 (citing 35 U.S.C. § 317(a)).

Moreover, "the burden of proof in inter partes review is different than in the district courts." *Cuozzo*, 136 S. Ct. at 2144. "In inter partes review, the challenger (or the Patent Office) must establish unpatentability by a preponderance of the evidence; in district court, a challenger must prove invalidity by clear and convincing evidence." *Ibid.* (internal quotation marks omitted).[3]

Finally, the Court emphasized that the purpose of *inter partes* review differs from that of district court litigation. Like the post-grant review procedure that it replaced, *inter partes* review constitutes a "reexamination" by the Patent Office—and therefore "offers a second look at an earlier administrative grant of a patent." *Cuozzo*, 136 S. Ct. at 2144; see *In re Swanson*, 540 F.3d 1368, 1377 (Fed. Cir. 2008) (noting that in reexamination proceedings, unlike litigation, the "examiner is not attacking the validity of the patent but is conducting a subjective examination of the claims in light of prior art"). Thus, "inter partes review helps protect the public's paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope." *Cuozzo*, 136 S. Ct. at 2144 (internal quotation marks

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[3] During *inter partes* review the patent owner may seek to amend the patent by canceling any challenged patent claim and proposing substitute claims—another difference from civil litigation. See 35 U.S.C. § 316(d).

omitted). The Court went on to hold that it was reasonable for the Patent Office to employ the same standards in its "second look"—*i.e.*, the "broadest reasonable construction" standard—that it has employed in initial patent examinations (as well as in interference proceedings) "for more than 100 years." 136 S. Ct. at 2145.

Cuozzo therefore makes clear that the purposes and characteristics of *inter partes* review proceedings differ significantly from those in infringement actions. To be sure, a defendant in an infringement action may, like a third-party challenger in an *inter partes* review proceeding, challenge a patent's validly for lack of novelty or obviousness. But the mere fact that some of the same *issues* can arise in both types of proceedings does not mean that *inter partes* review by the Patent Office is an exercise of the judicial power. *Inter partes* review simply gives an administrative agency the authority to "reexamine an earlier agency decision." *Cuozzo*, 136 S. Ct. at 2144. *Inter partes* review therefore represents a quintessential exercise of the executive power and does not implicate Article III.

3. Petitioner protests that, "to justify the PTO's exercise of the judicial power based on its potential *errors* in applying the patent law (by wrongly issuing certain patents in the first place) is risible." Pet. Br. 38 (citation omitted). Petitioner makes that charge, however, without even citing *Cuozzo* anywhere in its brief—much less addressing *Cuozzo*'s statement that *inter partes* review differs from a judicial proceeding precisely *because* it offers the Patent Office "a second look at an earlier administrative grant of a patent." *Cuozzo*, 136 S. Ct. at 2144.

But the even larger problem with Petitioner's argument is that it assumes the conclusion. Petitioner's core argument is that, ***because*** *inter partes* proceedings are "adjudications," and employ some procedures similar to those applied by courts in infringement actions, they necessarily entail an exercise of the judicial power. See Pet. Br. 21 ("Even the PTO describes *inter partes* review proceedings as adjudications.").

This Court, however, has rejected the argument—made by Petitioner here—that "adjudication" is synonymous with the exercise of the judicial power:

> Agencies make rules ("Private cattle may be grazed on public lands X, Y, and Z subject to certain conditions") and conduct adjudications ("This rancher's grazing permit is revoked for violation of the conditions") and have done so since the beginning of the Republic. *These activities take "legislative" and "judicial" forms, but they are exercises of—indeed, under our constitutional structure they must be exercises of—the "executive Power."*

City of Arlington, Tex. v. *FCC*, 569 U.S. 290, 304 n.4 (2013) (emphasis added).

To be sure, when the Board conducts *inter partes* review it engages in the application of "laws to facts." Pet. Br. 22 (internal quotation marks omitted). Thus, "[i]t is no doubt true that all such bodies 'adjudicate,' *i.e.*, they determine facts, apply a rule of law to those facts, and thus arrive at a decision." *Freytag* v. *Comm'r*, 501 U.S. 868, 909 (1991) (Scalia, J., concurring in part and concurring in the

judgment). "But there is nothing 'inherently judicial' about 'adjudication.'" *Ibid.*

Indeed, this Court recognized as much in *Murray's Lessee* v. *Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272 (1856):

> That the auditing of the accounts of a receiver of public moneys may be, in an enlarged sense, a judicial act, must be admitted. So are all those administrative duties the performance of which involves an inquiry into the existence of facts and the application to them of rules of law. In this sense the act of the President in calling out the militia under the act of 1795, or of a commissioner who makes a certificate for the extradition of a criminal, under a treaty, is judicial. *But it is not sufficient to bring such matters under the judicial power, that they involve the exercise of judgment upon law and fact.*

Id. at 280 (emphasis added and citations omitted).

In *Freytag*, Justice Scalia (joined by Justices O'Connor, Kennedy, and Souter) applied that concept in the patent context. "The first Patent Board, which consisted of Thomas Jefferson, Henry Knox, and Edmund Randolph in their capacities as Secretary of State, Secretary of War, and Attorney General, respectively, adjudicated the patentability of inventions, sometimes hearing argument by petitioners." *Freytag*, 501 U.S. at 910 (Scalia, J., concurring in part and concurring in the judgment) (citation omitted). When it adjudicated those issues, Justice Scalia explained, the Patent Board was "exercising the *executive* power," not the judicial power. *Ibid.* "'Adjudication,' in other words, is no more an

'inherently' judicial function than the promulgation of rules governing primary conduct is an 'inherently' legislative one." *Ibid.*

As discussed below, the Patent Office has long employed procedures that can be described as adjudicatory, including interferences, reissues, and reexaminations. *Inter partes* review is entirely consistent with those earlier procedures; it affords the Patent Office the opportunity to revisit its earlier administrative determination. It therefore does not intrude on the judicial power vested in Article III courts. Indeed, if this Court were to hold otherwise, it would cast doubt on the constitutionality not only of other post-grant review procedures established by the AIA (see, *e.g.*, 35 U.S.C. § 321), but also of the adjudicatory procedures that the Patent Office has employed for decades—and, in some cases, centuries. See Section II *infra*.

4. To conclude that *inter partes* review constitutes an exercise of executive power, this Court need not resolve, one way or the other, whether "patent rights are public rights," as the Federal Circuit held in *MCM Portfolio LLC*, 812 F.3d at 1293. That test—which this Court has called the "'public rights' *exception*" (*Stern* v. *Marshall*, 564 U.S. 462, 485 (2011) (emphasis added))—comes into play when it otherwise appears that Congress has attempted to "*withdraw* from judicial cognizance any matter which, *from its nature*, is the subject of a suit at the common law, or in equity, or admiralty." *Murray's Lessee*, 59 U.S. (18 How.) at 284 (emphasis added), *quoted in Stern* v. *Marshall*, 564 U.S. at 484. Here, nothing has been withdrawn from judicial cognizance.

As noted in Justice Scalia's separate opinion in *Freytag* and demonstrated further below, the correction of errors in the issuance of patents has been an activity of the executive branch for two centuries. That courts may *also* adjudicate patent validity in the context of infringement actions says nothing to indicate that distinguishing good from bad patents is an exclusively or inherently judicial function. On the contrary, although the details have varied over time, the judicial and executive powers to examine and adjudicate patent validity have peacefully coexisted for practically the entire history of the Republic. This is not at all a case like *Stern* v. *Marshall*, in which Congress purported to give bankruptcy courts the power to adjudicate certain common-law tort claims to final judgment in place of Article III tribunals. See 564 U.S. at 489 n.6 ("we have no occasion to and do not address . . . today" issues that arise "in the context of expert administrative agencies that oversee particular substantive federal regimes").

Petitioner does not dispute that Congress properly granted the Patent Office authority to examine patent applications and issue patents on inventions that meet the patentability standards set forth by statute. It is axiomatic, however, that the Patent Office (like all administrative agencies) makes mistakes when executing its lawfully delegated authority. An agency's ability to correct its own mistakes is therefore a necessary incident to its delegated power to make those decisions in the first place. In his opinion for the Court in *Grant* v. *Raymond*, 31 U.S. (6 Pet.) 218 (1832), Chief Justice Marshall observed that, if a mistake in a patent "should be committed in the department of state, no one would say that it ought not to be corrected" by

the government. *Id.* at 242. Chief Justice Marshall conceded that the then-applicable "act of congress contain[ed] no words which expressly authorise the secretary to issue a corrected patent" in the circumstances of that case (*id.* at 241), but found that power inherent in "[t]hat sense of justice and of right which all feel" (*id.* at 242).

In modern times too, this Court has often recognized that administrative agencies do make mistakes—and should be afforded the opportunity to correct mistakes that they identify. For example, this Court has explained that one of the purposes of the administrative exhaustion doctrine is to provide an agency the "opportunity to correct its own errors." *Weinberger* v. *Salfi*, 422 U.S. 749, 765 (1975).

Yet Petitioner says here that, as a matter of constitutional command, the Patent Office should not be allowed to correct errors in its own patentability determinations, if the *procedures* that the Patent Office employs to do so are "adjudicatory." But there is nothing "intrinsic about the mode of decisionmaking" that dictates "whether the judicial power is being exercised." *Freytag*, 501 U.S. at 911 (Scalia, J., concurring in part and concurring in the judgment). The mere fact that *inter partes* review employs some *procedures* that are adjudicative in nature—and allows a party to make a type of patentability argument that it could also make as a defense to a patent infringement action—does not mean (as Petitioner assumes) that those proceedings are an exercise of the judicial power. "[G]iven the performance of adjudicatory functions by a federal officer, it is the identity of the officer—not something intrinsic about the mode of decisionmaking or type of decision—that tells us whether the judicial power is being exercised." *Ibid.*

Petitioner's rule—that the judicial power is implicated any time an agency conducts "adjudication" or applies law to facts—would prove too much. The executive branch routinely engages in such adjudication—and has done so since the Nation's founding. Rather than being characterized by adjudicatory procedures, the "prototypical exercise of judicial power" entails "the entry of a final, binding judgment by a court with broad substantive jurisdiction, on a common law cause of action, when the action neither derives from nor depends upon any agency regulatory regime." *Stern*, 564 U.S. at 494. That is a far cry from *inter partes* review.

Here, of course, the Patent Office is *not* a court with broad substantive jurisdiction, but rather a specialized agency with technical expertise in patents; *inter partes* review of patent validity is *not* a common-law cause of action, but is authorized by statute and is based on patent rights created by statute; and *inter partes* review *does* depend upon an agency regulatory regime—namely, the regime, authorized by Congress pursuant to the Constitution's Intellectual Property Clause, to award inventors a temporary patent monopoly. In short, *inter partes* review falls squarely within "the traditional agency model," *Schor*, 478 U.S. at 852, and does not impermissibly intrude on the province of the judiciary.

Indeed "[m]any matters that involve the application of legal standards to facts and affect private interests are routinely decided by agency action with limited or no review by Article III courts." *Thomas* v. *Union Carbide Agric. Prods. Co.*, 473 U.S. 568, 583 (1985). Here, of course, the patent holder can seek

judicial review of an adverse *inter partes* review decision. 35 U.S.C. § 306. *Inter partes* review therefore "does not obstruct whatever judicial review might be required by due process." *Thomas*, 473 U.S. at 592.[4]

II. THE PATENT OFFICE HAS LONG USED ADJUDICATORY PROCEDURES TO REEXAMINE, CORRECT, AND REVOKE PATENTS THAT IT HAS GRANTED

This Court's observation in *Cuozzo*, 136 S. Ct. at 2137, that the Patent Office has had the power to revise prior patent grants "[f]or several decades" was understated. The earliest federal patent laws granted executive-branch officers broad authority to grant patents, and to reexamine and correct issued patents, and to do so using a variety of adjudicatory procedures. *Inter partes* review is consistent with this long history of permitting the patent agency to review and correct its own mistakes.

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[4] Petitioner suggests that *inter partes* review constitutes an exercise of the judicial power because, among other things, decisions of the Board are appealable directly to the Federal Circuit, as opposed to district courts. See Pet. Br. 21, 41-42. But the U.S. Code is replete with statutes providing direct appellate review of agency decisions that can scarcely be described as exercises of the judicial power, even under Petitioner's expansive interpretation. For example, the D.C. Circuit has exclusive jurisdiction to review actions by the Administrator promulgating national ambient air quality standards under the Clean Air Act. 42 U.S.C. § 7607(b). And the courts of appeals have jurisdiction to review decisions directly from numerous federal agencies, including the Federal Communications Commission, the Department of Agriculture, the Department of Transportation, and the Atomic Energy Commission. See 28 U.S.C. §§ 2342, 2343.

1. A patent, generally speaking, is an "official document reflecting a grant by a sovereign that is made public, or 'patent.'" *Marvin M. Brandt Revocable Trust* v. *United States*, 134 S. Ct. 1257, 1262 (2014) (discussing land patents).[5] Pursuant to its power to "promote the Progress of Science and useful Arts," U.S. Const. art. I, § 8, cl. 8, Congress has enacted a series of patent laws to grant inventors, for limited times, exclusive rights to their inventions.

The Patent Act of 1790, enacted by the second session of the First Congress, established an agency known as the "'Commissioners for the promotion of Useful Arts'" to make the determination whether to award an inventor a patent. *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 147 (1989). Composed of the Secretary of State (then Thomas Jefferson), the Secretary of the Department of War, and the Attorney General, *ibid.*, the Patent Commission wielded significant authority over patent determinations: So long as any two commissioners

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[5] "American patent rights find their origin in Great Britain." *United States* v. *Line Materials Co.*, 333 U.S. 287, 329 (1948) (Burton, J., dissenting). The English practice at the time of the founding was a reaction to the Crown's prior practice, curtailed in 1623 by the Statute of Monopolies, of granting "monopolies to court favorites in goods or businesses which had long before been enjoyed by the public." *Graham* v. *John Deere Co.*, 383 U.S. 1, 5 (1966). "But even under the regime that Parliament put in place," through the Statute of Monopolies, "patents remained sovereign grants, issued, enforced, and revoked by the Privy Council," a body of the King's advisors. *Teva Pharms. USA, Inc.* v. *Sandoz, Inc.*, 135 S. Ct. 831, 847 (2015) (Thomas, J., dissenting). "The Framers adopted a similar scheme." *Ibid.*

found the invention "sufficiently useful and important," the Commission could grant a patent for a term of its choosing (up to fourteen years). Patent Act of 1790, ch. 7, § 1, 1 Stat. 109, 110.

In making that determination, as noted above, the first Patent Commission "adjudicated the patentability of inventions, sometimes hearing argument by petitioners." *Freytag*, 501 U.S. at 910 (Scalia, J., concurring in part and concurring in the judgment). And, because "[t]he Patent Commissioners had full authority to determine who should receive a patent," the Commission "consequently had the power to decide between rival claimants" to an invention as well. P.J. Federico, *Operation of the Patent Act of 1790*, 18 J. Pat. Off. Soc'y 237, 249 (1936). Thus, from the first federal patent act, Congress has granted the executive branch broad powers to adjudicate patent disputes. The universe of disputes adjudicated by the executive branch may have grown over time, but the assignment of an adjudicatory function to the executive branch has been a part of patent law since the Nation's founding.

2. Three years after passing its first patent statute, Congress enacted the Patent Act of 1793. Written by Thomas Jefferson, see *Graham*, 383 U.S. at 7, the 1793 Act defined statutory subject matter as "any new and useful art, machine, manufacture or composition of matter, or any new and useful improvement [thereof]," Act of Feb. 21, 1793, ch. 11, § 1, 1 Stat. 318, 319. It also expressly authorized the first statutory procedures to resolve disputes between competing inventors.

In 1793, (and indeed until the AIA created the current "first to file" system), the United States employed a "first to invent" system that awarded a patent to the first person to invent a new technology, rather than to the first person to file a patent application. To resolve disputes between two or more parties who claimed to have first invented a substantially similar technology (*i.e.*, to determine so-called priority of invention), the Patent Office starting in 1793 conducted "interference" proceedings. The 1793 Act provided that "interfering applications . . . shall be submitted to the arbitration of three persons"—one chosen by each applicant, and the third by the Secretary of State. Act of Feb. 21, 1793, ch. 11, § 9, 1 Stat. 318, 322-323.

The Patent Act of 1836, which created the Patent Office, authorized the Commissioner of Patents to adjudicate interferences, subject to an appeal to a board of examiners within the Patent Office. The 1836 Act provided that interferences could occur either between two pending patent applications or between a pending application and an issued, unexpired patent. Act of July 4, 1836, ch. 357, § 8, 5 Stat. 117, 120-121. As early commenters observed, the Patent Office's role in interference proceedings was to "adjudicate[] between rival inventors" who filed written statements, under oath, regarding the date on which they claimed to have invented the technology. William C. Robinson, The Law of Patents for Useful Inventions § 54, at 87 (1890).

Until they were eliminated by the AIA, modern interference proceedings were conducted before the Board of Patent Appeals and Interferences (which the AIA replaced with the Patent Trial and Appeal

Board). The Patent Office promulgated an elaborate set of rules governing interferences, which proceeded through several adjudicatory stages. Those stages included a motions period; a trial phase that could include discovery, the submission of affidavits and exhibits, and testimony by the parties; and a final hearing before a three-member panel of the Board, which would then issue its decision—typically awarding priority of invention to one of the interfering parties. See generally 3A-10 Chisum on Patents § 10.09[1] (2017); PTO, Manual of Patent Examining Procedure ("MPEP") § 2340 (8th ed. 2001), https://www.uspto.gov/web/offices/pac/mpep/old/E8R0_2300.pdf. Interference proceedings, which had been conducted by the Patent Office for more than two centuries, therefore employed adjudicatory procedures that "resemble district court litigation." *Cuozzo*, 136 S. Ct. at 2145.

3. The Patent Office has also long conducted "reissue" proceedings, a mechanism through which a patentee can seek to correct an issued patent that he or she believes to be inoperative or invalid due to a mistake in its specification or claims. Indeed, this Court recognized the need for, and validity of, such proceedings even before Congress enacted a statutory reissue provision. In *Grant* v. *Raymond*, as noted above, the Court speaking through Chief Justice Marshall observed that, if a mistake in a patent "should be committed in the department of state, no one would say that it ought not to be corrected" by the government. 31 U.S. (6 Pet.) at 242. By extension, the Court continued, "the same step [should] be taken" if "the mistake has been innocently committed by the inventor himself." *Ibid.*

The first statutory provision for the reissue of patents was contained in the Patent Act of 1832. That statute provided that, upon a patentee's "surrender" of an "invalid or inoperative" patent, the Secretary of State could reissue a new, corrected patent to the inventor for the same invention. Act of July 3, 1832, ch. 162, § 3, 4 Stat. 559, 559. As this Court has recognized, "[t]he right to surrender the old patent, and receive another in its place, was given for the purpose of enabling the patentee to give a more perfect description of his invention, when any mistake or oversight was committed in his first." *O'Reilly* v. *Morse*, 56 U.S. 62, 112 (1853).

The current reissue provision provides that the Director of the Patent Office shall reissue a patent whenever the "patent is, through error, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent." 35 U.S.C. § 251(a). Reissue proceedings can be adversarial, as third parties can submit a protest to a reissue application under 37 C.F.R. § 1.291. See MPEP § 1441.01 (9th ed. 2014), https://www.uspto.gov/web/offices/pac/mpep/old/e9r0/mpep-1400.pdf. "Competitors and licensees in particular may vigorously contest the reissue of the patent by submitting additional prior art or arguments against patentability." R. Schechter & J. Thomas, Principles of Patent Law § 7.5.3.2 (2d ed. 2004). Reissue proceedings therefore continue to be an important mechanism for the Patent Office to correct errors in issued patents.

4. For several decades, Congress has also provided administrative mechanisms for third

parties to ask the Patent Office to reexamine the patentability of the claims in an issued patent. *Cuozzo*, 136 S. Ct. at 2137. In 1980, Congress enacted the first statute authorizing *ex parte* "reexamination." Act of Dec. 12, 1980, Pub. L. No. 95-517, 94 Stat. 3015. "The reexamination statute enabled the PTO to recover administrative jurisdiction over an issued patent in order to remedy any defects in the examination which that agency had initially conducted and which led to the grant of the patent." *Patlex*, 758 F.2d at 601.

Accordingly, the reexamination statute provides that "[a]ny person at any time may file a request for reexamination" on the basis of prior art "bearing on the patentability of any claim of a particular patent." 35 U.S.C. §§ 301(a)(1), 302. If the Patent Office concludes that the cited prior art raises "a substantial new question of patentability," the agency can reexamine the patent—and cancel the patent or some of its claims if they are determined to be invalid in light of the prior art. 35 U.S.C. § 303(a); see *Cuozzo*, 136 S. Ct. at 2137.

"Congress intended reexaminations to provide an important 'quality check' on patents that would allow the government to remove defective and erroneously granted patents." *In re Swanson*, 540 F.3d at 1375. The first reexamination statute was therefore an important "part of a larger effort to revive United States industry's competitive vitality by restoring confidence in the validity of patents issued by the PTO." *Patlex*, 758 F.2d at 601; see H.R. Rep. No. 96-1307, at 3-4 (1980), 1980 U.S.C.C.A.N. 6460, 6462-6463 (explaining that "reexamination will permit efficient resolution of questions about the validity of

issued patents without recourse to expensive and lengthy infringement litigation").

Although *ex parte* reexamination procedures allowed a third party to request reexamination, they did not otherwise allow third parties to participate in the reexamination process. Thus, as part of the American Inventor's Protection Act of 1999, Congress created another, similar procedure known as *inter partes* reexamination to further address "concerns about 'bad' patents." *Microsoft Corp.* v. *i4i Ltd. Partnership*, 564 U.S. 91, 113 (2011). "With *inter partes* reexamination, Congress hoped, as it had when it enacted *ex parte* reexamination years earlier, to 'reduce litigation in district courts and make reexamination a viable, less costly alternative to patent litigation.'" *In re Affinity Labs of Tex., LLC*, 856 F.3d 883, 890 (Fed. Cir. 2017) (quoting 145 Cong. Rec. 26,984 (1999) (statement of Sen. Hatch)).

Compared to *ex parte* reexamination, *inter partes* reexamination "granted third parties greater opportunities to participate in the Patent Office's reexamination proceedings as well as in any appeal of a Patent Office decision." *Cuozzo*, 136 S. Ct. at 2137. When a request for *inter partes* reexamination was made, the Patent Office would determine whether prior art raised a "substantial new question of patentability affecting any claim of the patent concerned." American Inventor's Protection Act of 1999, § 4604, Pub. L. No. 106-113, 113 Stat. 1501. Then, if the Patent Office determined that such a question existed, it initiated the *inter partes* examination, during which the patent owner could submit pleadings that support the patent's validity. The third-party requester, in turn, could "submit

written comment to the patent owner's response," "appeal an adverse reexamination decision to the Board of Patent Appeals and Interferences," and "brief and argue its position before the board." *Callaway Golf Co.* v. *Kappos*, 802 F. Supp. 2d 678, 681 (E.D. Va. 2011).

Reexaminations are therefore adjudicatory in nature and, in the case of *inter partes* reexamination (now superseded by statute), afforded third parties substantial opportunities to participate in proceedings before the Board. At the same time, reexaminations are "conducted according to the procedures established for initial examination." 35 U.S.C. § 305. Reexamination procedures therefore "have distinctly different standards, parties, purposes, and outcomes compared to civil litigation." *In re Swanson*, 540 F.3d at 1377. In particular, in reexamination unlike civil litigation, there is no presumption of patent validity, and the standard of proof—a preponderance of the evidence—is substantially lower than the clear-and-convincing-evidence standard that applies in civil cases. *Ibid.*; see *Microsoft*, 564 U.S. at 95.

Those differences reflect the fact that "the intent underlying reexamination is to 'start over' in the PTO with respect to the limited examination areas involved, and to *re* examine the claims, and to *examine* new or amended claims, as they would have been considered if they had been originally examined in light of all of the prior art of record in the reexamination proceeding." *In re Etter*, 756 F.2d 852, 857 (Fed. Cir. 1985) (en banc). In other words, the purpose of reexamination is to allow "the PTO to correct errors in the prior examination" that it had

conducted. *In re Recreative Techs. Corp.*, 83 F.3d 1394, 1396 (Fed. Cir. 1996). *Inter partes* review serves that same purpose.

In the respects relevant to Article III, then, *inter partes* review is no novelty. It builds on statutes passed in 1790, 1793, 1832, 1836, 1980, and 1999, all of which recognized that the patent agency has special expertise both to issue patents and to correct its own errors, often using adjudicatory procedures. It builds, as well, on recognition by this Court in 1832 and 1853 that the agency should be permitted to correct mistakes in the issuance of patents, whether committed by the agency itself or innocently by the patentee. All of those functions have constituted the proper exercise of *executive* power, not judicial. *Inter partes* review is the same.

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

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